

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: WELDON STUTZMAN  
DEPUTY ATTORNEY GENERAL**

**DATE: APRIL 8, 2010**

**SUBJECT: IDAHO POWER'S APPLICATION FOR AUTHORITY TO IMPLEMENT  
FIXED COST ADJUSTMENT RATES EFFECTIVE JUNE 1, 2010, CASE  
NO. IPC-E-10-07**

On March 15, 2010, Idaho Power Company filed an Application for an order authorizing the Company to implement Fixed Cost Adjustment (FCA) rates for electric service from June 1, 2010, through May 31, 2011. In March 2007, the Commission approved a Stipulation implementing a three-year Fixed Cost Adjustment pilot program applicable to residential service and small general service customers. This is the third year of the three-year pilot program.

The FCA mechanism separates the collection of Idaho Power's fixed costs from its volumetric energy sales and provides a surcharge or credit when fixed-cost recovery per customer varies above or below a Commission-established base. The FCA allows the Company to recover the difference between the fixed costs recovered through rates and the fixed costs authorized for recovery in the Company's most recent rate case. To determine the actual fixed-cost recovered amount, the Company takes weather-normalized sales for each class and multiplies that sales figure by the fixed-cost per energy rate as established in the Company's general rate case. The Company's Application states that the FCA for the residential class amounts to an increase of \$5,173,650. If collected individually from the residential class, these customers would receive a 1.5% increase in residential rates to collect additional fixed costs through the FCA.

The FCA for the small general service class is also an increase, but in the lesser amount of \$1,165,110. The additional revenue to be recovered from the small general service

class would amount to an 8.49% rate increase. The Company is proposing to combine the rate increase for the residential and small general service customers, resulting in an increase through the FCA of 1.85% for both customer classes. Idaho Power requests that the new FCA rate become effective June 1, 2010.

The Company requests that its Application be processed by Modified Procedure. Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure establishing a comment period of 21 days.

### **COMMISSION DECISION**

Should the Commission issue a Notice of Application and Notice of Modified Procedure to process Idaho Power's Application, establishing a comment period of 21 days?

A handwritten signature in black ink, appearing to read 'WBS', followed by a horizontal line.

Weldon B. Stutzman  
Deputy Attorney General

bls/M:IPC-E-10-07\_ws